

## CHAPTER 4 ALTERNATIVE CENTRES OF POWER

### INTRODUCTION

After the end of the bipolar structure of world politics in the early 1990s, the global landscape shifted, revealing the emergence of alternative centres of political and economic power capable of limiting America's dominance. In this evolving order, the European Union (EU) in Europe and the Association of Southeast Asian Nations (ASEAN) in Asia have risen as formidable forces. These entities have not only fostered regional solutions to historical enmities and weaknesses but also developed alternative institutions and conventions that promote a more peaceful and cooperative regional order. The EU and ASEAN have been instrumental in transforming their respective regions into prosperous



Figure 1: European Union Old and New Member, Source NCERT

economies. Moreover, the rapid economic rise of China has dramatically impacted world politics, further challenging the unipolar dominance of the United States. This chapter delves into these emerging alternative centres of power—examining the EU, ASEAN, and China's economic ascent—while also exploring the evolving dynamics of India-China relations. Through this analysis, the chapter assesses the potential roles these centres may play in shaping the future global order.

### TOPICS COVERED

- ✓ Creation and Expansion of European Union.
- ✓ ASEAN.
- ✓ Rise of China as an economic power in post- Mao Era.
- ✓ India's changing relations with China.

### EUROPEAN UNION

#### DEVELOPMENT OF EUROPEAN UNION

After World War II, European leaders faced a critical decision about the 'question of Europe': Should Europe return to its past conflicts or rebuild on new principles that would foster better international relations? The war had dismantled many of the beliefs and systems that had previously guided European countries. In 1945, these nations were left with devastated economies and the need to rethink the foundations upon which Europe had been built.



**EUROPEAN INTEGRATION AFTER 1945:** It was significantly influenced by the Cold War. The United States played a key role by providing substantial financial assistance to help revive Europe's economy through the 'Marshall Plan'. Additionally, the US established a collective security system under NATO. The Organisation for European Economic Cooperation (OEEC) was formed in 1948 to distribute aid to Western European countries and became a platform for trade and economic collaboration. The creation of the Council of Europe in 1949 furthered political cooperation. Gradually, the economic integration of European capitalist countries progressed, leading to the establishment of the European Economic Community in 1957. This integration process took on a political aspect with the formation of the European Parliament. The collapse of the Soviet bloc accelerated this development, culminating in the formation of the European Union in 1992. This laid the groundwork for a common foreign and security policy, cooperation in justice and home affairs, and the introduction of a single currency.



The European Union flag features a circle of gold stars symbolising unity and harmony among the peoples of Europe. The flag contains twelve stars, representing perfection, completeness, and unity, as the number twelve is traditionally associated with these qualities.

Source: [https://european-union.europa.eu/principles-countries-history/symbols/european-flag\\_en](https://european-union.europa.eu/principles-countries-history/symbols/european-flag_en)

### TRANSITION OF EUROPEAN UNION

The European Union (EU) has gradually shifted from being primarily an economic union to becoming more politically unified, acting increasingly like a nation-state. Despite unsuccessful attempts to adopt a formal Constitution, the EU has its own flag, anthem, founding date, and currency. It also has a degree of common foreign and security policy in its international relations. The EU has sought to broaden its areas of cooperation while adding new members, particularly from the former Soviet bloc. However, this expansion hasn't been easy, as many citizens are hesitant to grant the EU powers traditionally held by their national governments. There are also concerns about admitting some new countries into the Union.

DATE	EVENT
1951 April	Six West European countries (France, West Germany, Italy, Belgium, the Netherlands, Luxembourg) sign the Treaty of Paris, establishing the European Coal and Steel Community (ECSC).
March 25, 1957	The same six countries sign the Treaties of Rome, establishing the European Economic Community (EEC) and the European Atomic Energy Community (Euratom).
1973 January	Denmark, Ireland, and the United Kingdom join the European Community (EC).
1979 June	First direct elections to the European Parliament.

1981 January	Greece joins the EC.
1985 June	The Schengen Agreement abolishes border controls among EC members.
1986 January	Spain and Portugal join the EC.
1990 October	Unification of Germany.
February 7, 1992	The Treaty of Maastricht is signed, establishing the European Union (EU).
1993 January	The single market is created.
1995 January	Austria, Finland, and Sweden join the EU.
2002 January	The Euro is introduced as the new currency in 12 EU members.
2004 May	Ten new members (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia) join the EU.
2007 January	Bulgaria and Romania join the EU. Slovenia adopts the Euro.
2009 December	The Lisbon Treaty comes into force.
2012	The EU is awarded the Nobel Peace Prize.
2013	Croatia becomes the 28th member of the EU.
2016	Referendum in Britain; 51.9% of voters decide that Britain will exit (Brexit) from the EU.

## ECONOMIC, POLITICAL, DIPLOMATIC AND MILITARY INFLUENCE OF EUROPEAN UNION

The EU wields significant economic, political, diplomatic, and military influence.

1. **ECONOMIC INFLUENCE:** It is the world's second-largest economy, with a GDP exceeding \$17 trillion in 2016, just behind the United States. The euro challenges the U.S. dollar's dominance, as the EU's larger share of global trade boosts its assertiveness in trade disputes with the U.S. and China. This economic strength extends its influence to neighbouring regions, Asia, Africa, and key international organizations like the WTO.
2. **POLITICAL AND DIPLOMATIC INFLUENCE:** Two of its member states, Britain and France, have permanent seats on the UN Security Council, and several other EU countries often serve as non-permanent members. This positioning allows the EU to influence certain US policies, such as its stance on Iran's nuclear programme. The EU's approach, favouring diplomacy, economic investments, and negotiations over coercion and military force, has proven effective in cases like its dialogue with China on issues of human rights and environmental degradation.
3. **MILITARY INFLUENCE:** Militarily, the European Union (EU) combined armed forces are the second largest globally. Its defence spending ranks second only to that of the United States. Additionally, two EU members, Britain and France, possess nuclear arsenals, collectively holding around 550 nuclear warheads. The EU is also a major player in space and communications technology, being the second most important source in the world.

### SUPRANATIONAL ORGANISATION

A supranational organisation transcends national boundaries, with authority and decision-making power beyond individual countries, promoting broader regional or global cooperation.





## CHALLENGES OF THE EU AS A SUPRANATIONAL ORGANISATION

As a **supranational organization**, the EU can intervene in economic, political, and social matters, but its member states often pursue conflicting foreign relations and defence policies. For instance, British Prime Minister Tony Blair supported the US in the Iraq invasion, and several newer EU members joined the US-led **'coalition of the willing,'** while Germany and France opposed US policy. Additionally, there is significant **'Euroskepticism'** in some parts of Europe regarding the EU's push for integration. For example, former British Prime Minister Margaret Thatcher kept the UK out of the European Market, and Denmark and Sweden have resisted the Maastricht Treaty and the adoption of the euro. These differences limit the EU's ability to act cohesively in foreign relations and defence.

### EUROSKEPTICISM

It refers to the political attitude that questions or opposes the integration and influence of the European Union, often advocating for reduced EU powers or withdrawal

### COALITION OF WILLING

It is a group of countries that voluntarily join forces to pursue a common goal, often in international policy or military actions, without formal agreements or mandates.

**Examples:**

- **Iraq War (2003):** The U.S. and allies invaded Iraq without UN Security Council approval.
- **Humanitarian Efforts:** Countries collaborate on humanitarian crises or natural disasters.

## ASSOCIATION OF SOUTH EAST ASIAN NATIONS (ASEAN)



Southeast Asia, as seen on the political map, includes countries such as **Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei Darussalam, Vietnam, Laos (Lao PDR), Myanmar (Burma), and Cambodia.** Before and during World War II, this region experienced the harsh economic and political impacts of repeated colonialisms by European powers and Japan. After the war, Southeast Asian countries faced significant challenges in nation-building, dealing with widespread poverty, economic underdevelopment, and the pressures of aligning with either the US or the Soviet

Union during the Cold War. These conditions created a fertile ground for conflict, which the region could not afford.

## **ESTABLISHMENT OF ASIAN THIRD WORLD UNITY: ASEAN**

Attempts at third world unity through broader Asian and Third World initiatives, like the Bandung Conference and the Non-Aligned Movement, did little to foster effective cooperation. This led to the creation of an alternative regional approach: the establishment of the Association of Southeast Asian Nations (ASEAN) in 1967. ASEAN was founded by five countries— Indonesia, Malaysia, the Philippines, Singapore, and Thailand—through the signing of the Bangkok Declaration. The main objectives of ASEAN were to accelerate economic growth and, through that, promote social progress and cultural development. Another goal was to maintain regional peace and stability, grounded in the rule of law and the principles of the United Nations Charter.

## **EXPANSION OF ASEAN**

Over time, ASEAN expanded to include Brunei Darussalam, Vietnam, Lao PDR, Myanmar, and Cambodia, growing to ten member states. Unlike the European Union, ASEAN countries have not pursued supranational structures or institutions. Instead, they have embraced what is known as the ‘ASEAN Way’—an approach characterized by informal, non-confrontational, and cooperative interaction. Respect for national sovereignty remains crucial within ASEAN. With some of the world’s fastest-growing economies, ASEAN has expanded its goals beyond economic and social issues. In 2003, ASEAN took a step similar to the EU by agreeing to form an ASEAN Community with three pillars: the ASEAN Security Community, the ASEAN Economic Community, and the ASEAN Socio-Cultural Community.

**ASEAN SECURITY COMMUNITY:** It was established with the belief that territorial disputes among member states should not lead to armed conflict. By 2003, ASEAN had several agreements in place where members committed to maintaining peace, neutrality, cooperation, non-interference, and respect for national differences and sovereign rights. The ASEAN Regional Forum (ARF), created in 1994, is the main platform for coordinating security and foreign policies within the region.

## **ASEAN PATH/WAY**

It refers to the strategic direction and development plans pursued by the Association of Southeast Asian Nations (ASEAN) to enhance regional cooperation and integration. **Informal, non-confrontational, and cooperative interaction.**

**ASEAN REGIONAL FORUM (ARF):** Established in 1994, the ARF is a regional security forum aimed at fostering constructive dialogue and consultation on political and security issues in the Asia-Pacific region. Coordinates security and foreign policy.

**SPECIAL ECONOMIC ZONES (SEZS):** Designated areas within a country that operate under different economic regulations than the rest of the country, often to attract foreign investment and stimulate economic growth. They are characterized by more liberal economic policies.

**OPEN DOOR POLICY:** A diplomatic policy that advocates for the principle that all countries should have equal trading rights in a particular region, and that no country should have exclusive control or preferential treatment.

**ASEAN ECONOMIC COMMUNITY:** ASEAN remains primarily an economic organisation. Although the combined economy of ASEAN is smaller compared to the US, the EU, and Japan, it is growing at a much faster rate, which has significantly increased its regional and global influence. The ASEAN Economic Community aims to establish a common market and production base among its member states and to support social and economic development in the region. Additionally, it seeks to enhance the **ASEAN Dispute Settlement Mechanism** to effectively resolve economic conflicts. ASEAN has been actively working on creating a **Free Trade Area (FTA)** to facilitate investment, labour, and services. Both the US and China have quickly engaged in negotiations to establish FTAs with ASEAN, recognizing its growing economic importance.

ASEAN LOGO



In the ASEAN logo, the ten stalks of rice symbolise the ten Southeast Asian countries united in friendship and solidarity. The circle represents ASEAN's unity.

**VISION 2020:** ASEAN is becoming a key regional organization with Vision 2020 focusing on an outward-looking role and conflict resolution through negotiation. It has mediated regional conflicts and fostered East Asian cooperation. ASEAN's growing economic strength, especially with rapidly expanding economies like India and China, boosts its global influence. India, which previously overlooked ASEAN, has recently strengthened ties, signing trade agreements with Malaysia, Singapore, and Thailand, and implementing the **ASEAN-India Free Trade Agreement (FTA)** in 2010.

**ASEAN's TRUE STRENGTH:** It lies in its approach to interaction and consultation—both among its member states and with dialogue partners and other non-regional organisations. ASEAN is the only regional association in Asia that provides a political platform for Asian countries and major global powers to discuss political and security issues.



## THE RISE OF THE CHINESE ECONOMY

China has become a major global economic force, recognized for its rapid rise since 1978. It is set to surpass the U.S. as the world's largest economy by 2040, driven by its integration in East Asia, large population, vast resources, and strategic location. After the 1949 revolution, China initially adopted a Soviet-inspired economic model focused on state-owned heavy industry and import



substitution, relying on domestic production and Soviet support due to foreign exchange shortages.

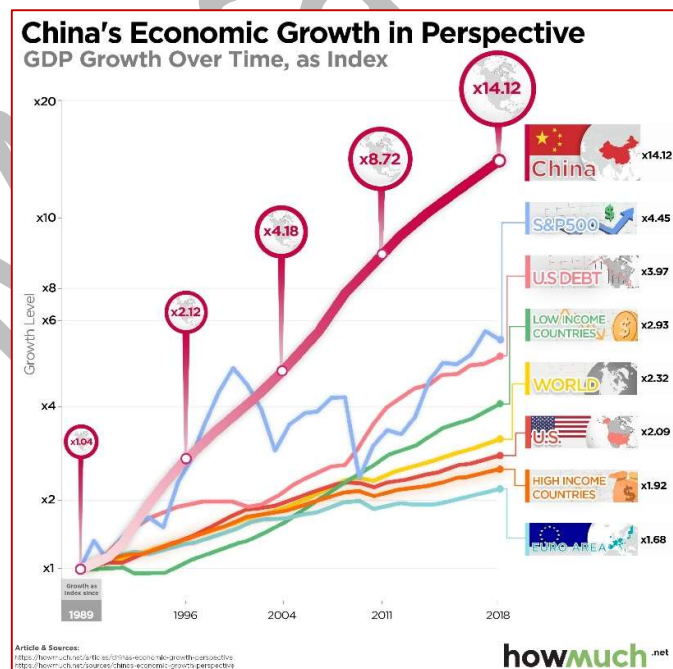
### CHINA'S ECONOMIC MODEL AND REFORMS

China's early Soviet-based economic model laid the foundation for a large-scale industrial economy, ensuring employment and social welfare, and making strides in education and healthcare. However, with economic growth at 5-6 percent, it lagged behind the 2-3 percent population growth, and agricultural output could not sustain industrial expansion. Like the USSR, China faced slow industrial growth, limited international trade, and low per capita income. To address these issues, Chinese leaders shifted policies in the 1970s, including ending isolation by establishing relations with the United States in 1972.



Premier Zhou Enlai introduced the concept of the 'four modernisations'—agriculture, industry, science and technology, and military—in 1973. By 1978, Deng Xiaoping, then the leader, launched the 'open door' policy and economic reforms. This policy aimed to boost productivity through foreign investment in capital and technology.

China adopted a gradual approach to introducing a market economy, unlike the rapid 'shock therapy' seen in other countries. The process began with the privatisation of agriculture in 1982, followed by the privatisation of industry in 1998. Trade barriers were initially removed only in Special Economic Zones (SEZs), where foreign investors were allowed to establish businesses. During China's economic transition, the state has played a key role in guiding the market economy. Reforms ended stagnation, with agricultural privatization boosting production and rural incomes, leading to rapid growth in rural industries. New trading laws and Special Economic Zones (SEZs) spurred foreign trade, making China a top destination for foreign direct investment (FDI) and building substantial foreign exchange reserves for international investments. Joining the WTO in 2001 further opened China to the global economy, and the country aims to deepen its integration and influence future global economic dynamics.



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Despite China's economic improvements, not all citizens have equally benefited. Issues include increased unemployment, poor working conditions, environmental degradation, corruption, and rising economic inequality between rural and urban areas. Globally, China has become a significant economic power, influencing trade partners and moderating tensions with countries

like Japan, the U.S., ASEAN, and Russia. China aims to integrate Taiwan economically, stabilize ASEAN economies post-1997 crisis, and expand investments and aid in Latin America and Africa, reinforcing its role as a key global player.

## INDIA-CHINA RELATIONS

### PRE COLONIAL PERIOD

Before Western imperialism, India and China were significant powers in Asia. China exerted influence through its tributary system, with regions such as Mongolia, Korea, parts of Indo-China, and Tibet acknowledging its authority. Similarly, Indian kingdoms and empires extended their influence beyond their borders, both politically, economically, and culturally. Despite this, the areas of influence rarely overlapped, leading to limited interaction and understanding between the two nations.



### INDEPENDENCE AND RELATIONS

In the 20th century, as India gained independence from Britain and China expelled foreign powers, there was initial optimism about their collaboration in shaping the future of Asia and the developing world. The slogan 'Hindi-Chini bhai-bhai' (Indians and Chinese are brothers) briefly symbolised this hope. However, military conflict soon arose over border disputes, particularly after China's 1950 takeover of Tibet. This tension culminated in the 1962 border conflict between India and China, primarily over territorial claims in Arunachal Pradesh and the Aksai Chin region of Ladakh.

### IMPACT OF THE 1962 CONFLICT AND SUBSEQUENT DEVELOPMENTS

The 1962 border conflict with China, which led to significant setbacks for India, strained relations until 1976. Relations began to improve after a shift in China's leadership in the late 1970s, with a more pragmatic approach focusing on better ties with India. Border dispute talks started in 1981, and since the Cold War, India-China relations have grown to encompass strategic and economic dimensions, with both nations aiming to influence Asian economy and politics.

Rajiv Gandhi's visit to China in December 1988 was a pivotal moment in India-China relations, establishing a foundation for a more cooperative and peaceful relationship. Since then, both nations have worked to manage conflicts and maintain "peace and tranquillity" along their border,

### PANCHSHEEL

Panchsheel refers to the **Five Principles of Peaceful Coexistence**. They were formalised in a 1954 agreement between India and China, focusing on

1. Mutual Respect for Sovereignty
2. Non-Aggression
3. Non-Interference in Internal Affairs
4. Equality and
5. Peaceful Coexistence





signing agreements on cultural exchanges, scientific and technological cooperation, and opening four border posts to enhance trade.

India-China trade has surged significantly, with annual growth of around 30% since 1999, rising from \$338 million in 1992 to over \$70 billion by 2016. The two countries have also collaborated on potentially contentious issues, such as competing for energy deals abroad, and aligned their policies in global institutions like the WTO. Despite India's 1998 nuclear tests and concerns over China's



support for Pakistan's nuclear program and military ties with Bangladesh and Myanmar, the potential for conflict remains low. Ongoing boundary resolution talks and increasing military cooperation signal improved relations. The frequent visits of leaders and officials between Beijing and New Delhi, coupled with growing transportation and communication links, reflect a deepening relationship. Shared economic interests and global concerns are likely to further enhance the bilateral relationship between these two populous nations.



### LOOK EAST POLICY

- **Initiated:** 1991
- **Prime Minister:** P V Narsimha Rao
- **Objective:** Enhance economic and strategic relations with Southeast Asia by improving trade, investment, and cultural ties.



### ACT EAST POLICY

- **Launched:** 2014
- **Prime Minister:** Narendra Modi
- **Objective:** Upgrade and deepen engagement with East Asia, including ASEAN countries, focusing on strategic, economic, and cultural connections with an emphasis on regional security and connectivity.

## OTHER NATIONS

### JAPAN

Japan is known for its famous brands like Sony, Panasonic, Canon, Suzuki, Honda, Toyota, and Mazda, which are recognized for their high-tech products. Despite Japan having limited natural resources and depending heavily on imported raw materials, it experienced rapid growth after World War II. Japan joined the Organisation for Economic Cooperation and Development (OECD) in 1964 and became the world's third-largest economy by 2016. It is the only Asian country in the G-7 and ranks as the tenth most populous nation. Japan, the only country to have suffered nuclear bombings, is the second-largest contributor to the UN's regular budget, providing nearly 10% of

the total. Since 1951, Japan has had a security alliance with the US. According to Article 9 of the Japanese Constitution, Japan renounces war as a national right and rejects the use of force to settle international disputes. Even though Japan's military spending is only 1% of its GDP, it is the seventh-largest military spender in the world.



### CAN JAPAN FUNCTION AS AN ALTERNATIVE CENTRE OF POWER?

Given Japan's economic strength, strategic alliances, and significant global contributions, it has the potential to serve as an alternative centre of power. Major agreements signed during recent high-level bilateral visits include:

- **Japan-India:**
  - **Civil Nuclear Agreement (2016):** Enhances cooperation in nuclear energy between Japan and India.
  - **Shinzo Abe's Visit to India (2017):** Focused on improving infrastructure, investment, and defence ties.
- **Japan-South Korea:**
  - **Comfort Women Agreement (2015):** Addresses historical grievances and provides support to affected individuals.
- **Japan-Australia:**
  - **Economic Partnership Agreement (2015):** Promotes trade and investment, especially in agriculture and resources.

- **Japan-China:**
  - **Economic Partnership Agreement (2008):** Enhances economic relations and reduces trade barriers.
  - **High-Level Economic Dialogue (2018):** Aims to strengthen economic ties and address trade concerns.
- **Japan-United States:**
  - **Trade Agreement (2019):** Reduces tariffs and boosts trade, focusing on agriculture and digital sectors.

Japan's expanding economic and strategic influence indicates that it could effectively act as an alternative centre of power on the global stage.

## SOUTH KOREA

The Korean peninsula was divided into South Korea (Republic of Korea) and North Korea (Democratic People's Republic of Korea) at the end of World War II along the 38th Parallel. The Korean War from 1950 to 1953 and the Cold War further deepened the rivalry between the two countries. Both **South and North Korea became UN members on 17 September 1991**. During this period, South Korea emerged as a significant force in Asia. From the 1960s through the 1980s, it quickly transformed into an economic powerhouse, a phenomenon known as the "Miracle on the Han River." Reflecting its broad development, South Korea joined the OECD in 1996. By 2016, its economy was the eleventh largest globally, and its military spending was the tenth highest.

The **Human Development Report 2016 ranked South Korea 18th in HDI**. This high ranking is due to "successful land reforms, rural development, extensive human resources investment, and rapid, equitable economic growth." Additional factors include its focus on exports, effective redistribution policies, public infrastructure development, and good governance. South Korean brands like Samsung, LG, and Hyundai have gained significant recognition in India. Numerous agreements between India and South Korea highlight their growing commercial and cultural ties.



## CONCLUSION

The emergence of alternative centres of power like the European Union, ASEAN, and China marks a significant shift in the global political and economic landscape. These entities have not only challenged the unipolar dominance of the United States but have also contributed to a more multipolar world. The European Union's transformation from an economic community to a political and diplomatic force, ASEAN's role in fostering regional stability and economic cooperation, and China's meteoric rise as a global economic powerhouse all underscore the changing dynamics of global power. Additionally, India's evolving relationship with China further highlights the complexities and shifting alliances in the region. As these alternative centres continue to grow in influence, they are likely to play crucial roles in shaping the future of international relations, contributing to a more balanced and interconnected global order.